



MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

EMPLOYMENT TRENDS

The Magic Valley Labor Market Area (LMA) seasonally adjusted unemployment rate for September 2004 was 3.9 percent, unchanged from the previous month. The number of unemployed persons declined by an estimated 2.2 percent (just 50 persons) but the number of employed persons also declined from August—by 860 persons, or 1.5 percent.

Comparing September 2004 to September 2003, a very positive picture emerges. The *Civilian Labor Force* grew by more than 3,000 persons, almost all of whom were employed. The increase in the number of unemployed was marginal at 50 persons, but that translates into a 2.3 percent increase. The 5.6 percent increase in total employment is a strong indicator of the area's continued growth.

The month-over-month changes in the Magic Valley LMA labor force statistics were due primarily to normal, seasonal movements. School had started and often teachers and staff have left other summer employment to return to their school positions. Summer recreation activities start to wane, and jobs such as lifeguards and park workers cease. The weather can affect the demand for agricultural workers. This happened to some extent in South Central Idaho as the drought throughout the year changed the crop mix, acreage planted and, consequently, harvest times. This year the September weather was ideal early in the month, but then turned rainy and cool at mid-month. However, these conditions did not unduly delay harvest activities in most parts of the area, but could have affected the number of workers in the fields during the mid-month reference week.

The year-over-year changes in the labor force statistics generally show a reduction in unemployment rates in the counties of South Central Idaho. That is, except for Cassia and Minidoka Counties. The closure of the Simplot facilities in Heyburn is still evident in the data, although it is generally thought the worse is over, other parts of the economy show strength, and recent events are very encouraging (see Labor Force data for the area on Magic Valley Table 2).

Magic Valley Table 1: Labor Force & Employment
Twin Falls, Jerome, and Gooding Counties

	Sep 2004*	Aug 2004	Sep 2003	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	58,200	59,110	55,180	-1.5	5.5
Unemployment	2,250	2,300	2,200	-2.2	2.3
% of Labor Force Unemployed	3.9	3.9	4.0		
Total Employment	55,950	56,810	52,980	-1.5	5.6
Unadjusted					
Civilian Labor Force	58,580	59,920	54,790	-2.2	6.9
Unemployment	1,990	2,630	1,870	-24.3	6.4
% of Labor Force Unemployed	3.4	4.4	3.4		
Total Employment	56,590	57,290	52,920	-1.2	6.9
JOB BY PLACE OF WORK					
Nonfarm Payroll Jobs**	47,210	46,900	44,550	0.7	6.0
Goods-Providing Industries	9,310	9,000	7,700	3.4	20.9
Natural Resources & Mining	20	20	20	0.0	0.0
Construction	4,150	3,850	2,530	7.8	64.0
Manufacturing	5,140	5,130	5,150	0.2	-0.2
Food Manufacturing	3,670	3,680	3,550	-0.3	3.4
Other Manufacturing	1,470	1,450	1,600	1.4	-8.1
Service-Providing Industries	37,900	37,900	36,850	0.0	2.8
Trade, Transportation & Utilities	11,180	11,330	10,080	-1.3	10.9
Wholesale Trade	1,990	2,010	1,890	-1.0	5.3
Retail Trade	6,820	6,910	6,190	-1.3	10.2
Utilities	290	280	250	3.6	16.0
Transportation & Warehousing	2,080	2,130	1,750	-2.3	18.9
Information	580	510	490	13.7	18.4
Financial Activities	1,830	1,800	1,770	1.7	3.4
Professional & Business Services	6,100	6,150	6,890	-0.8	-11.5
Educational & Health Services	4,090	4,030	3,770	1.5	8.5
Leisure & Hospitality	3,890	3,910	3,740	-0.5	4.0
Other Services	1,500	1,500	1,520	0.0	-1.3
Government Education	4,170	4,100	4,090	1.7	2.0
Government Administration	4,560	4,570	4,500	-0.2	1.3

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

Magic Valley Table 2: September Preliminary Seasonally Adjusted Data

COUNTY/AREA	CIVILIAN			TOTAL	UNEMPLOYMENT RATE	
	LABOR	#	%		COMPARISON	
	FORCE	UNEMP	UNEMP	EMPLY	AUG 04	SEPT 03
BLAINE	12,800	504	3.9	12,296	3.8	3.8
CAMAS	496	24	4.8	472	4.3	7.5
CASSIA	9,566	587	6.1	8,979	6.3	6.0
JEROME	10,860	438	4.0	10,422	3.6	4.6
LINCOLN	2,225	115	5.2	2,110	5.4	4.8
MINIDOKA	9,470	855	9.0	8,615	8.6	7.0
TWIN FALLS	39,243	1,554	4.0	37,690	3.9	4.0
CASSIA-MINIDOKA LMA	19,036	1,442	7.6	17,594	7.5	6.5
MAGIC VALLEY LMA	58,195	2,249	3.9	55,946	3.9	4.0
STATE OF IDAHO	708,364	35,606	5.0	672,758	5.0	5.3

Nonfarm Payroll Jobs on Magic Valley Table 1 shows a small gain of 310 jobs from August and a more robust gain of 2,660 jobs since September 2004. *Construction* continues to be the star industry as residential and commercial construction abounds and the addition of the summer road and bridge construction adds to the job count. Construction activity is strong in the other South Central counties not included in the table, especially Blaine County.

Most of the area's agricultural producers should be pleased with generally higher commodity prices than one year ago. In spite of the drought, crop yields have been good, too. Cattle and milk prices have been about 20 percent more than last year. Beef producers have been further encouraged because there have been some signs that Japan and Taiwan might be ready to lift their bans on the importation of U.S. beef that were imposed during the 2003 mad cow disease problem.

It is impossible to overstate the importance of adequate water supplies for the area's agricultural industry and general economy. The same importance applies to the entire state. There are two ongoing, serious water situations that will play out in the coming months. The first is the drought. All counties in the area were declared drought emergency areas during 2004. This was the fifth consecutive drought year for most of them. It is not just surface water that is in short supply during a drought; underground water also grows short or more inaccessible. Most growers and ranchers were able to cope and there were no large wild fires but that was due in part to some timely rainy and cool periods. Unless there is an above average snow pack this winter, it is likely a new round of drought declarations will begin in early 2005.

The other situation is the conflict between surface and groundwater users, senior and junior water right holders, water storage/minimum stream flows and water supply, and ultimately the need to solve current problems while providing for future economic growth and diversification. The issue came to a head last summer as a senior water right holder was about to exercise a water call that could have denied water to many junior water right holders in the area. That crisis was averted but the fundamental conflicts continue. A leadership group was formed to address the problems and some potential solutions are slowly emerging. It has become clear that any solution will have state-wide impact and there are many legal and political barriers to overcome.

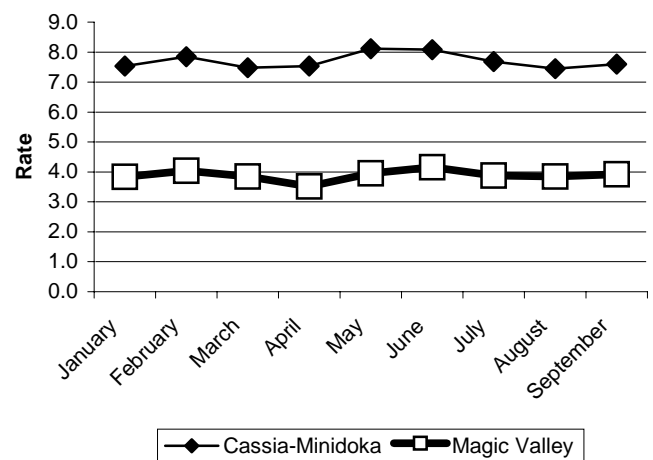
A Tale of Two Areas

While the Magic Valley LMA has had one of the lowest monthly unemployment rates among the state's eight Labor Market Areas/Metropolitan Statistical Areas (see *Glossary* on page 24 for a brief definition of each) for most of 2004, the Cassia-Minidoka LMA has had one of the highest rates during the same period. As Chart 1 shows, the rates trend the same, but the Cassia-Minidoka rate is usually about 4.0 full percentage points higher

than Magic Valley's. Why is this the case, especially since the two LMAs are neighbors? Both areas have similar topographies and climates, rely on man-made systems for access to water, and share similar transportation routes. Agriculture predominates in both areas.

Continued on page 22

Magic Valley Chart 1: 2004 Unemployment Rates Compared: Cassia-Minidoka LMA and Magic Valley LMA



Magic Valley Table 4: Covered Employment, March 2004, Cassia-Minidoka LMA and Magic Valley LMA

INDUSTRIES	CASSIA-MINIDOKA LMA		MAGIC VALLEY LMA	
	Avg Empty	% of Avg Empty	Avg Empty	% of Avg Empty
TOTAL ALL INDUSTRIES	14,339		43,023	
Agriculture, Forestry, Fishing & Hunting	1,770	12.3	4,653	10.8
Mining	*	*	*	*
Utilities	176	1.2	193	0.4
Construction	609	4.2	1,831	4.3
Manufacturing	1,912	13.3	4,654	10.8
Wholesale Trade	1,097	7.7	1,724	4.0
Retail Trade	1,772	12.4	5,609	13.0
Transportation & Warehousing	850	5.9	2,314	5.4
Information	204	1.4	577	1.3
Finance & Insurance	333	2.3	1,200	2.8
Real Estate & Rental & Leasing	70	0.5	514	1.2
Professional, Scientific, & Tech. Svs.	229	1.6	1,731	4.0
Mgt. of Companies & Enterprises	*	*		0.6
			262	
Admin. & Sup. & Waste Mgt. & Remd. Svs.	197	1.4	2,771	6.4
Educational Services	1,340	9.3	3,853	9.0
Health Care & Social Assistance	1,426	9.9	4,726	11.0
Arts, Entertainment, & Recreation	177	1.2	342	0.8
Accommodation & Food Services	881	6.1	2,767	6.4
Other Svs. (except Public Admin.)	348	2.4	1,255	2.9
Public Administration	894	6.2	2,010	4.7
Unknown	*	*	*	*

*Suppressed for disclosure

Total might be additive due to rounding

The industrial structure of the two areas is quite similar in terms of the percentage of jobs in each major sector. The one exception of note is in the *Administrative & Support Services*. Magic Valley LMA has 6.4 percent of covered employment compared to Cassia-Minidoka's 1.4 percent. Call centers are classified in this sector.

The 2003 shift elimination (about 125 jobs) at McCain Foods and the closure of the J.R. Simplot potato processing plant (plus some other small operations) in Heyburn commencing in April 2004 dealt the Cassia-Minidoka area the prospect of a rather sudden loss of jobs. These events led to the elimination of nearly 400 food processing jobs in a year's time. It was assumed these direct job losses would in turn lead to the loss of other jobs in the area. The job losses began to stand out in the November 2003 labor force statistics as the unemployment rate jumped from 6.2 percent in October 2003 to 7.4 percent in November. The number of unemployed increased by 250.

The loss of 400 jobs might not seem to be a very large number or a reason for the unemployment rate to jump so much or explain why the Cassia-Minidoka rate is so much higher than its neighbor. However, the Magic Valley LMA *Civilian Labor Force* has continued to expand while the Cassia-Minidoka LMA's has declined. In the Magic Valley, the number of unemployed has remained fairly constant while it has actually declined in the Cassia-Minidoka LMA. Magic Valley has increased its employment count while Cassia-Minidoka has been static or declining, losing workers who have become discouraged or found jobs outside the area.

The reason the Cassia-Minidoka unemployment rate is so much higher is primarily one of arithmetic. The unemployment rate is calculated by dividing the number of unemployed people by the entire labor force. When the numerical values of the fraction are small, a small change in either will have a more pronounced affect on the dividend (or percentage) than if the values are large, but the change is the same. That is, an increase of 100 in the number of unemployed people in a labor force of 1,000 will have a much greater affect than a change of 100 unemployed people in a labor force of 10,000.

So the tale of the two labor markets is if you lose 400 jobs in a labor force of 58,000 persons compared to one with

20,000 persons you are more likely to be able to absorb the loss in the much larger labor force. And, because you are a small labor force, the arithmetic will really emphasize your loss.

A NEW CHAPTER OF THE TALE

The surest way to overcome a loss of jobs is to have new ones created. Two recent events in the Cassia-Minidoka area will do that. On October 25, ground was broken for the construction of a new Swiss cheese plant owned by Gossner Foods of Logan, Utah. The new plant will be built on land formerly the site of the J.R. Simplot potato processing plant in Heyburn. The old facility will be torn down and the new plant constructed. The project is expected to cost about \$20 million. The company plans to build the facility and begin producing cheese by the end of 2005. Approximately 40 new jobs will be created at the cheese plant. Gossner's arrival in the area is the result of a concerted effort of many local and state officials, business people, economic development entities, and a private developer.

Another project that will create some construction jobs is the expansion of the remodeling project currently going on at the Minidoka Memorial Hospital in Rupert. Enough savings were found in the \$2+ million project to do some additional remodeling/construction work.

In Twin Falls, the Jayco, Inc. company will start a new travel trailer and fifth-wheel camper manufacturing facility. The Indiana-based company will take over the vacant building formerly occupied by Norco Windows. Manufacturing will begin as soon as the building is ready and new units are expected to roll off the line in January 2004. An initial workforce of 40 persons will be hired for the start up and, growing to 80 jobs by next October.

Greg Rogers, Regional Labor Economist

771 N. College Road, Twin Falls, ID 83303

(208) 735-2500, ext. 3639 • E-mail: grogers@cl.idaho.gov
and

James Adams, Sr. Planner/Economist

317 W. Main Street, Boise, ID 83735

(208) 332-3570, ext. 3219 • E-mail: jadams@cl.idaho.gov

Magic Valley Table 4: Labor Force Data Jan–Sep 2004 Compared: Cassia-Minidoka LMA and Magic Valley LMA									
CASSIA-MINIDOKA LMA					MAGIC VALLEY LMA				
	Labor Force	Unemp.	Unemp. Rate	Total Emp.		Labor Force	Unemp.	Unemp. Rate	Total Emp.
January	20,265	1,527	7.5	18,739	January	57,468	2,208	3.8	55,260
February	20,370	1,599	7.8	18,771	February	57,173	2,308	4.0	54,866
March	20,349	1,523	7.5	18,825	March	57,500	2,214	3.9	55,286
April	19,336	1,456	7.5	17,880	April	58,054	2,043	3.5	56,011
May	19,472	1,580	8.1	17,892	May	57,586	2,277	4.0	55,309
June	19,648	1,588	8.1	18,060	June	58,514	2,433	4.2	56,081
July	19,212	1,477	7.7	17,735	July	59,187	2,297	3.9	56,891
August	19,228	1,433	7.5	17,795	August	59,273	2,282	3.9	56,991
September	18,969	1,441	7.6	17,528	September	58,038	2,274	3.9	55,764
YTD Average	19,650	1,514	7.7	18,136	YTD Average	58,088	2,259	3.9	55,829